

Title of meeting : Governing Body									
Date of Meeting			26 April 2017			Paper Number		3.4	
Title					Financial Performance report for February 2017 (M11)				
Sponsoring Director (name and job title)					Nigel Foster – Director of Finance and performance				
Sponsoring Clinical / Lay Lead (name and job title)					N/A				
Author(s)					Jonathan Pettit – Head of Financial Management and Reporting				
Purpose					To inform the Governing Body of the financial performance at Month 11 (February 2017).				
The Governing Body is required to (please tick)									
Approve	<input type="checkbox"/>	Receive	<input type="checkbox"/>	<input type="checkbox"/>	Discuss	<input checked="" type="checkbox"/>	Note	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Risk and Assurance <i>(outline the key risks / where to find mitigation plan in the attached paper and any assurances obtained)</i>					The key risks are listed below.				
Legal implications/regulatory requirements					None				
Public Sector Equality Duty					Not applicable				
Links to the NHS Constitution (relevant patient/staff rights)					None				
Strategic Fit					Not Applicable				
Commercial and Financial Implications <i>(Identify how the proposal impacts on existing contract arrangements and have these been incorporated?</i> <i>Include date Deputy CFO has signed off the affordability and has this been incorporated within the financial plan. Include details of funding source(s)</i>					As outlined in the report.				

<p>Quality Focus <i>(Identify how this proposal impacts on the quality of services received by patients and/or the achievement of key performance targets)</i></p> <p><i>Include date the Director of Nursing has signed off the quality implications)</i></p>	<p>Not Applicable</p>
<p>Clinical Engagement <i>Outline the clinical engagement that has been undertaken</i></p>	<p>Not Applicable</p>
<p>Consultation, public engagement & partnership working implications/impact</p>	<p>Not Applicable</p>
<p>NHS Outcomes <i>Please indicate (highlight) which Domain this paper sits within by highlighting or ticking below: Please note there may be more than one Domain.</i></p>	<p>Domain 1 Preventing people from dying prematurely;</p> <p>Domain 2 Enhancing quality of life for people with long-term conditions;</p> <p>Domain 3 Helping people to recover from episodes of ill health or following injury;</p> <p>Domain 4 Ensuring that people have a positive experience of care; and</p> <p>Domain 5 Treating and caring for people in a safe environment; and protecting them from avoidable harm.</p>
<p><u>Executive Summary</u></p> <p>At month 11 the CCG is reporting on plan, with a year to date surplus of £1,727k and a year-end surplus of £1,954k.</p> <p>The full year forecast has improved in the month due to an improvement in the acute contract position at Frimley Heath.</p> <p>I would particularly like to highlight:</p> <ul style="list-style-type: none"> • The forecast for the acute provider data is based on 10 months of activity and still shows over performance. We have therefore had to apply contingencies to offset the over performance. • There is no change in month 11 to the position on outpatient activity that has been commented on in the last few months. An agreement has since been 	

reached with the Trust on a year-end settlement that will now be reflected in month 12.

- Across the Frimley Health & Care STP footprint, we have submitted a number of bids for additional investment in 2017-18. We are expecting the outcome from these bids to be announced in the near future, together with any more general support for STP development.
- The CCG has received instruction that the 1% non recurrent reserve that we were asked to withhold can now be released to the bottom line in Month 12. This will increase our reported surplus from £1,954k to £3,673k (2.1% of our initial allocation).
- Two final allocation transfers have been actioned in Month 12. £1m from Bracknell & Ascot CCG (repayable in 2017/18) to support financial balance across the wider health economy, as has previously been reported to Governing Bodies. In addition £1.25m from Bracknell & Ascot CCG to the other two CCGs in East Berkshire as part of the 2016/17 year end planning adjustments.
- At the time of writing, the CCG are finalising the position for month 12 and are reporting a surplus, in line with plan, of £3,673k.
- A table of key movements between month 10 and 11 forecast outturn is shown below:

Movements in Forecast expenditure from M10 to M11		
Expenditure category	£k (adverse)/ improved	
Frimley Park NHS Foundation Trust North	397	Reductions from elective (largely trauma and orthopaedics), non elective and day case
Other acute	54	Acute prior year £80k, Royal Berkshire £37k, Ashford and St Peter's (£40k), Bucks (£22k), Other (£1k)
Planned Care	71	Reduced forecast based on M11 run rate, largely driven by reduced pressure from MSK and adult hearing
Mental Health - Non Contracted Activity	(80)	Re-categorisation of expenditure
Non Recurrent programmes Prior Year	110	Release of surplus prior year accruals
Other	(90)	Other Mental Health £40k, Community Equipment £27k, Other commissioning (£47k), CHC (£36k), Locally Commissioned service (Primary care) (£31k), Out of Hours contract (£55k), Other £12k
Total Movement	462	
Return to Reserves	(462)	

Recommendation(s)

The Governing Body is requested to note this report.

FINANCIAL PERFORMANCE TO FEBRUARY 2017

MONTH 11 2016/17

Section A1 – Finance Dashboard

Indicator	Target	Actual £'000	Actual %age	Rating this month	%age	Explanation of target measure
Financial Position Actual Outturn	Planned YTD Surplus	1,727		✓	0.00%	Variance against Plan
Financial Position Forecast Outturn	Planned Annual Surplus	1,954		✓	0.00%	Variance against Plan
Running Costs Actual YTD	Running Costs YTD Plan	2,919		✓	0.00%	Variance against Plan
Running Costs Forecast Outturn	Running Costs Annual Plan	3,180		✓	0.00%	Variance against Plan (this excludes funding for Quality Premium)
QIPP Forecast Outturn	QIPP Annual Plan	3,830		X	75.32%	Achievement against Plan
Creditors - Better Payment Practice Code	Target of 95%		94.10%	X	(0.90%)	%age variance against target number of Non NHS invoices paid in 30 days
Monthly Cash Drawings	1.25% bank balance		9.63%	X	8.38%	%age of balance in bank at end of month compared to cash drawn down

Key:

On Plan
Take Note
Action Required



Note:

+ve £ = positive performance (underspend against budget),
-(ve) £ = negative performance (overspend against budget)

Section A2 – Key Issues and Actions in Financial Position

Actions	Issue	Key Drivers	Action	Owner	Timeline
CSU	Contract development for 2017-2019	1) NHSE deadlines for contract signature 2) Work on key items within the Frimley documentation.	1) Completed - Closed 2) Remaining contract items for agreement: - IR: The final set of rules for IR has not yet been published. This prevents an accurate estimation of the impact. A letter is being drafted by NEHF, for agreement by CCGs about a way forward for handling IR in 17/18. - QIPP and APAs: The CSU has shared the latest QIPP schedule with Frimley. QIPP will be added to the final contract document, to ensure the contract plan is equal to the agreed contract value. - Contract document: Remaining schedules and polices are being agreed.	David Ince (CSU)	Update for M12
	Acute Contracts overperformance	Overperformance during 2016/17	The Prior Approvals Audit is in its early stage and will not report until the Spring. The CSU is preparing documentation to support an end year deal. Challenges are being pursued through the Q3 close down process with Frimley.	David Ince (CSU)	Update for M12
Joint	Funded Nursing Care	Budget Management	CCG awaiting outcome of Department of Health project currently being undertaken by Mazars LLP to gather evidence on nursing home agency staff usage and costs which will inform re-calculation of the overall and regional rates of NHS Funded Nursing Care. Project timescale is from October 2016 to 25 January 2017. No announcement on any further revision to 2016/17 FNC rates has yet been made by the Department of Health.	Lorraine Charlton / Kathy Neville (CSU)	Update for M12
	2016/17 Budgets	Budget Management	A full set of Budget holder statements was distributed for Month 11 (February). The CSU and CCG Finance now have regular budget meetings with most budget holders and continue to work towards ensuring all budget holders are met regularly.	Debbie Fraser / Quentin Symington (CSU)	Update for M12
CCG	Premises Costs	NHS Property Services	The invoices for the first 6 months have been paid; Q3 will be paid in March. We continue to work with NHSPS to fully understand the movements in Property charges.	Debbie Fraser	Update for M12
	Primary Care Extended Access Budgets	Budget Management	Confirmation of funding for three extended access schemes (mixture of national and local funding) required. Local funding confirmed for all three schemes for 2016/17, but this is NON RECURRENT. Sustainable plans for 2017/18 onwards required.	Nigel Foster / Alex Tilley	Update for M12
	Access to 1% Non-recurrent budget	Budget Management	CCG was required to set-aside 1% of budget, which would only be released for local expenditure when Treasury assured that NHS in financial balance. We have now received instruction to release this to our bottom line in M12 to support the national position.	Nigel Foster	Update for M12

Section B – Contents

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B1 – Abbreviations and acronyms used

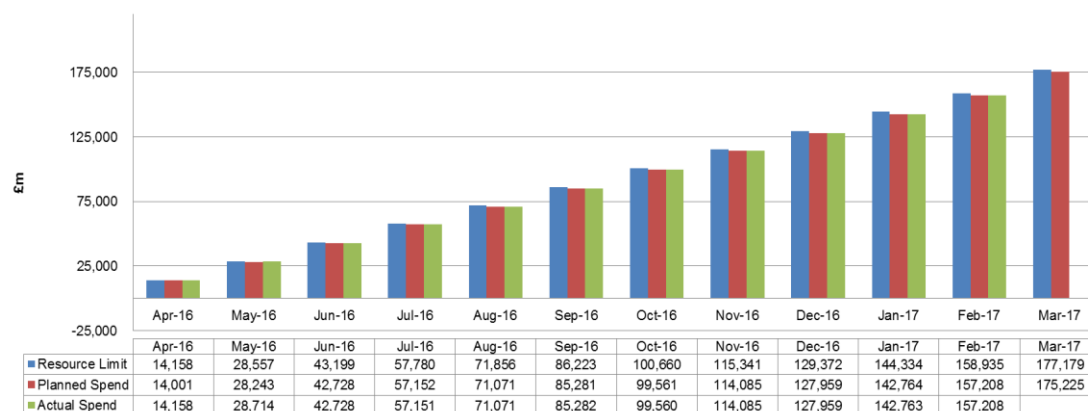
2015/16	Financial Year from 1 April 2015 – 31 March 2016
2016/17	Financial Year from 1 April 2016 – 31 March 2017
A&E	Accident and Emergency
AT	Area Team
BCF	Better Care Fund
BHFT	Berkshire Healthcare NHSFT
BPPC	Better Payment Practice Code –target (currently 95%) of invoices to be paid within 30 days of receipt of invoice or goods/service.
Break-even	Position where actual costs are same as planned i.e. not in deficit or surplus
Budget	A sum of money allocated for a specific purpose
CCG	Clinical Commissioning Group
CHC	Continuing Health Care
CQUIN	Commissioning Quality & Innovation
Deficit	Financial variance where overall net costs are more than planned
ESD	Early Supported Discharge
Excess Bed Days	Term used in acute contracts to describe days chargeable under PBR in excess of the standard tariff (for example a tariff might set 5 days as standard stay and days above this are charged to the CCG)
FHFT	Frimley Health NHS FT. Frimley Health – South covers the Frimley Park Site, and Frimley Health - North covers is the Heatherwood & Wexham Park sites
FNC	Funded Nursing Care
FOT	Forecast Outturn
K	Thousand
M	Million
NEL	Non Elective

NHSE	NHS England
NHS FT	NHS Foundation Trust
ORCP	Operational Resilience & Capacity Planning
PBR	Payment By Results – payment system (based on Healthcare Resource Groups) used mainly in acute contracts
PMCF	Prime Minister’s Challenge Fund
PLCV	Procedures of Limited Clinical Value
POD	Point of Delivery – area of acute care activity of similar type (e.g. Inpatient or Outpatient)
QIPP	Quality, Innovation, Prevention and Productivity – plans and associated savings / changes in financial costs
Reserves	Monies set aside for a specific purpose e.g. Contingency reserves for unforeseen spend in year.
RTT	Referral to Treatment is the definition by which patients waiting to be treated are measured
Revenue Resource Limit (RRL)	Total funding allocated for the year set by the Department of Health
RBH	Royal Berkshire NHSFT
SCAS	South Central Ambulance Service NHSFT
SLAM	Service Level Agreement Monitoring – i.e. contract monitoring information
Surplus	Financial variance where overall net costs are less than planned
Variance (Adverse)	Difference against plan (overspend)
Variance (Favourable)	Difference against plan (underspend)
YTD	Year-to-date (1 April-end of reported month)

Section C – Financial Performance

Summary of position (variance against plan)	Month 11 Feb 2016			Previous month		Previous month		
	Plan	Actual	Variance to plan	Variance to plan	Annual Plan	Forecast outturn	Forecast Variance	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioning								
Planned and Unscheduled Care	95,509	96,868	(1,359)	(1,537)	104,135	105,970	(1,835)	(2,292)
Prescribing	16,442	15,825	617	579	17,925	17,226	699	696
Mental Health, Joint & Continuing Care	22,904	23,465	(561)	(488)	24,997	25,649	(653)	(571)
Community	10,735	10,730	5	58	11,700	11,687	13	(7)
Reserves	1,094	0	1,094	1,159	4,744	2,960	1,784	2,246
Other Services	7,606	7,401	205	229	8,544	8,553	(9)	(73)
Commissioning sub-total	154,290	154,289	1	1	172,045	172,045	(0)	(0)
Running Costs	2,918	2,919	(0)	(0)	3,180	3,180	0	(0)
Planned/Actual Spend Sub Total	157,208	157,208	1	0	175,225	175,225	(0)	(0)
Planned Surplus	1,727	1,727	0	0	1,954	1,954	0	0
Total CCG	158,935	158,935	1	0	177,179	177,179	(0)	(0)

Resource Limit Compared to Planned Spend & Actual (Cumulative)



Key Points

- The reported year to date surplus is £1.73m, with a forecast surplus of £1.95m.
- The (£1.4m) YTD overspend within Planned and Unscheduled Care is a favourable movement of £178k from the previous month. The overperformance is predominately driven by increase in activity at Frimley Park Foundation Trust (£1.3m), Royal Berkshire (£0.2m), and London (£0.5m). Within the acute position surplus prior year provisions of £580k have been released.
- Prescribing £617k YTD underspend includes category M savings.
- Mental Health & Continuing care continues to be an area of cost pressure for the CCG
- The forecast over spend is being offset by £1.8m of reserves.

Section D – Revenue Resource Allocation and Changes to the Plan

Confirmed Resource Limit to Current Budget	£'000
Initial Resource Limit	
- Commissioning Costs	171,799
- Running Costs	3,164
Confirmed Initial Resource Limit	174,963
Return of prior year surplus	1,951
2015-16 recurrent transfers post allocation setting (mth07)	9
Eating Disorders	74
Risk share to Bracknell	(1,000)
IAT - Chemotherapy transfer to Specialist	(611)
Share of Vulnerable Practices Pilot funding	35
Share of General Practice Resilience Programme	32
10T - GP Development Programme - reception and clerical training	13
PMS Review 1st year premium transfer	182
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Quality Premium Awards 2015/16	318
Additional IAPT funding 10T	138
TB strategy for Q3 and Q4 - Jeff Featherstone	134
CYP WL & WT Reduction: 2nd tranche	31
non-recurrent allocation to mitigate impact of NHS PS move to market rents	360
IAPT M10 allocation from NHSE	196
NHS PS allocation - programme element	152
NHS PS allocation - running cost element	16
Month 11 Resource Limit	177,179

Key Points

- Current resource limit received from NHS England.
- Running cost are allocated to CCGs based on population size at a fixed rate per head.
- The surplus from last year is returned as a non-recurrent source of funding
- The Risk share across Berkshire East from last year is unwound with £1m repaid to Bracknell and Ascot.
- Other adjustments include a transfer to NHSE of specialist Chemotherapy and additional sources of funding for Primary care and Camhs.
- Additional funding has been received for Improving access to psychological therapies (IAPT)

Changes to Plan – analysis of adjustments Month 10 to Month 11

Month 11 Feb 2016	Planned and Unscheduled Care £'000	Prescribing £'000	Joint & Continuing Care £'000	Community Care £'000	Other £'000	Primary Care IT £'000	Running Costs £'000	Reserves £'000	Surplus £'000	Total £'000
Month 10 Plan	103,854	17,925	24,801	11,701	8,126	386	3,164	4,905	1,954	176,815
IAPT Expansion - Tranche 2			196							196
NHS PS allocation - programme element								152		152
NHS PS allocation - running cost element							16			16
Renegotiated PYE figure for the Out of Hours contract	281							-281		0
New Vision Of Care draw down - final					32			-32		0
Month 11 Plan	104,135	17,925	24,997	11,701	8,158	386	3,180	4,744	1,954	177,179

Section E – Treasury Management

Statement of Financial position as at 28 February 2017

Statement of Financial Position as at 28-Feb-17	As at 31 March 16 £000	As at 31 January 17 £000	Movement £000	As at 28 February 17 £000
Non Current Assets	107	64	(5)	59
Total Non Current Assets	107	64	(5)	59
NHS Receivables - Revenue	4,390	(320)	(395)	(715)
NHS Prepayments and Accrued Income	3,088	6,282	(5,178)	1,104
Non-NHS Receivables - Revenue	139	21	12	33
Non-NHS Prepayments and Accrued Income	128	710	(2)	708
Other Receivables	19	17	(12)	5
Total Trade and Other	7,764	6,710	(5,575)	1,135
Cash	105	0	1,078	1,078
Total Assets	7,976	6,774	(4,502)	2,272
NHS Payables - Revenue	(9,487)	(13,784)	2,194	(11,590)
NHS Accruals and Deferred Income	(5,263)	(3,369)	3,849	480
Non-NHS payables - Revenue	(2,810)	(5,594)	(507)	(6,101)
Non-NHS payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	(3,973)	(3,431)	191	(3,240)
Other Payables	(498)	(498)	(104)	(602)
Provisions	(1,499)	(1,003)	0	(1,003)
Total Current Liabilities	(23,530)	(27,679)	5,623	(22,056)
Total non Current Liabilities	0	0	0	0
Total Assets Employed	(15,554)	(20,905)	1,121	(19,784)
General Fund	(15,554)	(20,905)	1,121	(19,784)
Total Taxpayers Equity	(15,554)	(20,905)	1,121	(19,784)

Key Points:

- 'Current Trade and Other' have decreased by £5.6m in February largely due to a decrease in 'NHS Prepayments and Accrued income of £5.2m.
- Cash balance is £1.1m but the actual cash balance at bank was £1.4m at the end of February. This was due to timing difference between payment journals hitting the ledger and cash leaving the bank account at month end.
- Total Current Liabilities have decreased by £5.6m and now stand at £22.1m.

Debtors

Aged Debtors	NHS Debtors		Non NHS Debtors		Total	
	Value (£000)	Number	Value (£000)	Number	Value (£000)	Number
Less than 31 days (Not Due)	5,044	38	5	18	5,049	56
Between 31 - 60 days	13	1	-	-	13	1
Between 61 - 90 days	13	1	-	-	13	1
Greater than 90 days	432	4	28	15	460	19
Total	5,502	44	33	33	5,535	77

Key Points:

- At the end of month 11 the CCG has debtors totalling £5,535k (of which £460k is overdue by more than 90 days but Frimley Health disputes £320k relating to SCAS charges and remaining £140k is considered recoverable).
- The majority of the NHS debt relates to London Trust recharges to CCGs (£4,457k), of which £3,781k has been received in March. These are raised in advance of the month to which they relate in order to ensure payment is received early in the month.

Cash Drawings

Main Cash	Drawdown To Date £000	Prescribing Cash Charge To Date £000	Total Cash Drawings To Date £000	Current Allocation £000	Drawings to Date as a % of Allocation £000
	138,290	14,687	152,977	175,156	87.34%

Key Points:

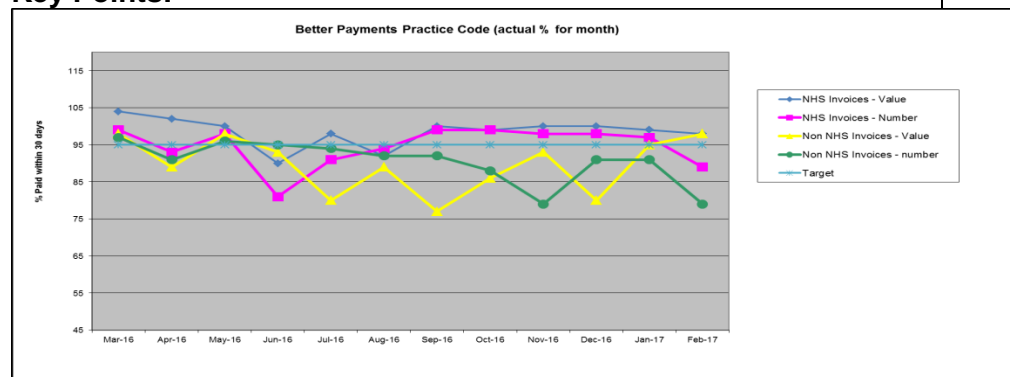
- The CCG processed a cash draw down of £14.2m in February, total year to date of £138m. The charge against prescribing stands at £14.7m giving a total charge of £153m for the year. This is 87.34% against the MCD for this year, lower than would be expected for this point in the year.
- At the end of the month the CCG had Bank balance of £1.4m, which is 9.63% of cash drawn down for the month and above the 1.25% target considered to be good practice. The variance is largely due to £307k income received from NHS England and BCF invoice £444k not raised by the council.

Creditors

Aged Creditors - value	Not Due £000	Overdue 1-30 days £000	Overdue 31-60 days £000	Overdue 61-90 days £000	Overdue 90+ days £000	Total £000
At 31st December	8,308	3,170	577	566	7,023	19,644
At 31st January	14,446	1,432	2,593	785	5,715	24,971
At 28th February	15,586	1,513	1,417	2,027	5,619	26,162

Aged Creditors - volume	Nos	Nos	Nos	Nos	Nos	Nos
At 31st December	461	282	87	99	963	1,892
At 31st January	466	192	146	70	841	1,715
At 28th February	471	203	119	67	565	1,425

Key Points:



- Creditors (unpaid invoices on the system) stand at £26.2m at 28 February an increase of £1.2m over the previous month. Creditors over 90 days stand at £5.6m.

Better Payment Practice Code

Better Payment Practice Code - payment within 30 days (cumulative YTD)	NHS Invoices		Non NHS Invoices		Total	
	Value of invoice (YTD) £'000	Number (YTD)	Value of invoices (YTD) £'000	Number (YTD)	Value of invoice (YTD) £'000	Number (YTD)
Total invoices paid	171,383	4707	16,468	3,767	187,851	8474
Total invoices paid within 30 days	167,727	4428	14,737	3,359	182,464	7787
% Paid within 30 days	97.9%	94.1%	89.5%	89.2%	97.1%	91.9%
Rating	Green	Amber	Amber	Amber	Green	Amber

The above position relates to the average total performance in year of invoices paid within a 30 day period at the end of Month 11 in comparison to the DH target of paying 95% supplier invoices within 30 days.

Key Points:

- In February 2017 NHS and Non NHS Invoices by value achieved the 95% target.
- Year to date only NHS invoices by value are achieving the target.